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IN REPLY REFER TO
ACQ 021
28 Apr 00

MEMORANDUM FOR NAVFAC ACQUISITION PERSONNEL

Subj: CONTRACT ACCOUNTING FOR FOREIGN MILITARY SALES (FMS)
REQUIREMENTS (00-18)

Encl: (1) OASN(RD&A) memo of 4 Apr 00

1. Enclosure (1) is furnished for your information and action, as appropriate.

A handwritten signature in black ink, appearing to read "Michael F. Howard", is positioned above the printed name.

MICHAEL F. HOWARD
Director, Strategic Management
Community Management Section



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APR - 4 2000

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Subj: CONTRACT ACCOUNTING FOR FOREIGN MILITARY SALES (FMS)
REQUIREMENTS

Encl: (1) OUSD DP(DAR) memo dtd March 13, 2000

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A handwritten signature in black ink, appearing to read "Peter M. Chase", is positioned above the typed name.

Peter M. Chase
Acting Director, Policy & Resources
Acquisition and Business
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ACQUISITION AND
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

March 13, 2000

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA(AL&T)
EXECUTIVE DIRECTOR OF PROCUREMENT MANAGEMENT,
DLSC/DLA

SUBJECT: Contract Accounting for Foreign Military Sales (FMS)
Requirements

The Deputy Secretary of Defense has approved the recommendations of a special review he chartered to examine FMS processes that impact financial management. Several recommendations address contractual matters.

The special review recommended that each Contract Line Item Number (CLIN) for FMS requirements have only one Accounting Classification Reference Number (ACRN). Defense Federal Acquisition Regulation Supplement (DFARS) 204.7103-1(a)(4) already requires that each CLIN reference a single accounting classification citation, subject to certain narrow exceptions. FMS requirements are subject to this policy.

The special review also recommended we emphasize that the clause at DFARS 252.232-7002, Progress Payments for Foreign Military Sales Acquisitions, must be included in all contracts that provide progress payments and include FMS requirements. This clause requires the contractor to identify separately progress payments amounts for each FMS customer.

Please ensure that contracts that include FMS requirements cite only one ACRN for each CLIN, and that the clause at DFARS 252.232-7002 is included when progress payments are provided.

R.D. Kerrins, Jr., COL, USA
Acting Director, Defense Procurement



ENCLOSURE(1)